REPORT DOCUMENTATION PAGE

Form Approved
OMB No. 0704-0188

1. REPORT DATE (DD-MM-YYYY)	2. REPORT TYPE	3. DATES COVERED (From - To)
24-04-2009	FINAL REPORT	JULY 2008-JULY 2009

4. TITLE AND SUBTITLE

EYEGLASS BENEFITS: CONSIDERATION OF FRAME OF CHOICE FOR RETIRED SERVICE MEMBERS

5a. CONTRACT NUMBER

5b. GRANT NUMBER

5c. PROGRAM ELEMENT NUMBER

6. AUTHOR(S)

CAMP, JENNIFER J.
MAJ, MEDICAL SERVICE CORPS
U.S. ARMY

5d. PROJECT NUMBER

5e. TASK NUMBER

5f. WORK UNIT NUMBER

7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES)

US Army Office of the Surgeon General
5109 Leesburg Pike, Ste. 672
Falls Church, VA 22041

8. PERFORMING ORGANIZATION REPORT NUMBER

9. SPONSORING / MONITORING AGENCY NAME(S) AND ADDRESS(ES)

US Army Medical Department Center and School
BLDG 2841 MCCS-HE-HA (Army-Baylor Program in Health & Business Administration)
3151 Scott Road, Suite 1411
Fort Sam Houston, TX 78234-6135

10. SPONSOR/MONITOR'S ACRONYM(S)

11. SPONSOR/MONITOR'S REPORT NUMBER(S)

31-09

12. DISTRIBUTION / AVAILABILITY STATEMENT

Approved for public release; distribution is unlimited.

13. SUPPLEMENTARY NOTES

14. ABSTRACT

The Department of Defense (DoD) provides basic eyewear to our nation's military members. Although not specifically entitled under Title X, military retirees historically also receive standard issue eyewear. The military's Frame of Choice (FOC) program currently benefits the active duty population, but specifically excludes retirees. Five policy options were examined to address the military retiree dissatisfaction with the current benefit: status quo, elimination of the benefit, government funded FOC for retirees, retirees purchase of FOC at cost, and a TRICARE optical benefit. When evaluated by the grading criteria of government cost, beneficiary cost, efficiency, effectiveness, and equality, the TRICARE optical benefit emerged as the most beneficial policy option. However, DoD policymakers must weigh all options to determine their best course of action in the current fiscal environment.

15. SUBJECT TERMS

Eyeglasses, Frame of Choice, Retiree, Service Members, Entitlements, Eyewear, Policy, TRICARE Benefit, Optometry, Optical, Health Plan, NOSTRA, Title X

16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT	18. NUMBER OF PAGES	19a. NAME OF RESPONSIBLE PERSON
REPORT	b. ABSTRACT	c. THIS PAGE			Education Technician
U	U	U	UU	49	19b. TELEPHONE NUMBER (include area code) 210-221-6443

Army-Baylor University Graduate Program in Health and Business Administration

Eyeglass Benefits: Consideration of Frame of Choice for Retired Service Members

In partial fulfillment of the requirements for
Masters Degree in Health Administration

By
MAJ Jennifer J Camp OD FAAO

Office of The Surgeon General
Falls Church, VA
20 April 2009

Acknowledgements

Experts within the optical field supplied the majority of the research for this graduate project. I would specifically like to thank Ms. Beth Henderson, the NOSTRA comptroller, for the cost estimates regarding current and proposed optical fabrication options. MAJ Jim Auvil, Ms. Farrah Sharshar, and Mr. Ken Zimmerman assisted in the brainstorming of two of the proposed courses of action. Ms. Emily Courts, the OTSG librarian, worked diligently to find the necessary supporting legal documents. Thank you to the Army and Navy optometry leadership for supporting the pursuance of change and respecting student license as I developed the policy options. Finally, I would like to thank my preceptor, MG David Rubenstein, for his feedback and encouragement in this endeavor.

Table of Contents

Abstract

The Department of Defense (DoD) provides basic eyewear to our nation's military members. Although not specifically entitled under Title X, military retirees historically also receive standard issue eyewear. The military's Frame of Choice (FOC) program currently benefits the active duty population, but specifically excludes retirees. Five policy options were examined to address the military retiree dissatisfaction with the current benefit: status quo, elimination of the benefit, government funded FOC for retirees, retirees purchase of FOC at cost, and a TRICARE optical benefit. When evaluated by the grading criteria of government cost, beneficiary cost, efficiency, effectiveness, and equality, the TRICARE optical benefit emerged as the most beneficial policy option. However, DoD policymakers must weigh all options to determine their best course of action in the current fiscal environment.

Introduction

Since 1775, the United States military has provided health care for its service members. We also grow and maintain a mission-ready force. "Vision Readiness" is essential to mission readiness. Therefore, the Department of Defense (DoD) provides eyewear for its active duty population in order to carry out the business of the nation's military.

Before World War II, the military's strict entrance standards eliminated individuals with significant vision problems. Those who had mild visual acuity problems supplied their own glasses from civilian sources. However, as standards loosened to accommodate the increased staffing during the war, a need for military optical services arose. Historically, military eyewear filled basic vision needs at the lowest cost—a simple plastic eyeglass frame with clear lenses. This single style of eyeglasses, called S-9 in military logistics terminology, was functional, but not fashionable (see Figure 1). In fact, service members coined the phrase "birth control glasses" (BCGs) to characterize the ugly nature of the medical device. The unappealing nature of the spectacles had an unfortunate side effect—many service members would not wear the glasses. Fashion-conscious Soldiers would rather have blurry vision than look unattractive. This behavior carried over into military duty hours, and Soldiers not wearing their glasses often did not meet minimum visual acuity standards for job performance.

To mitigate this trend, the military services developed the "Frame of Choice" (FOC) program for active duty service members. Under the FOC program, service members select one pair of glasses from a selection of approximately six styles of contemporary wire or plastic eyeglass frames (see Figure 2). Originally touted as a

"quality of life" program, it had the secondary effect of boosting vision readiness rates (Department of the Army, 2003). Soldiers receive one pair of FOC glasses and one pair of S-9 glasses to complete their readiness set of two total pair of glasses. The DoD originally designed the FOC for garrison wear and the S-9s for field training, but the FOC quickly became the dominant eyewear in all duty environments.

Service members order their eyewear primarily through DoD optometry clinics. Military retirees, although not specifically entitled to eyewear under Title X, receive one pair of the standard issue S-9 spectacles yearly if ordered from a DoD optometry clinic. The Service's FOC policies provide for active duty members only, excluding all retirees (Department of the Air Force, 1999). The difference in current eyewear benefits between service members and retirees has created uproar in the retiree community. When a retiree orders his military glasses from the DoD clinic, he sees the FOC displayed for the active duty member and desires the same options. This creates an uncomfortable situation for the optical staff and retiree beneficiary. Retirees complain about the FOC policy through the clinic chain of command, the military treatment facility commander, and often their congressional representatives.

This graduate management project will examine the current FOC policy to determine the best course of action to address the perceived benefit inequity voiced by the retired military community. Proposed policy options may include government funding of a FOC retiree program, raising health program fees to subsidize an eyeglass benefit program, or offering FOC glasses at cost for retirees. Other potential options include no change to the current benefit or elimination of the retiree eyeglass benefit altogether.

Evidence

Literature involving the DoD eyeglass benefit is contained in Title X of the United States Code, Ophthalmic Services Instruction, and various policy memoranda and standard operating procedures. Because medical care in the US military is evolving into a managed care system, one can make parallels with health benefits offered under similar civilian health organizations. However, the literature and precedents do not provide strong guidance towards one policy decision over another.

Title X of the United States Code governs the United States military. Chapter 55 of the statute outlines medical benefits offered under the military health care system (MHS). It does not specifically provide guidance for eyeglasses, but classifies "medical devices" under pharmaceutical benefits. Title X neither prohibits nor provides for a retiree eyewear benefit (Armed Forces, 1956). Article 32 of the Code of Federal Regulations (32 CFR) interprets Title X and guides implementation of the law. According to 32 CFR 728.31, which addresses health benefits for retired members of the uniformed services, "When vision correction is required, one pair of standard issue spectacles, or one pair of nonstandard spectacles, are authorized when required to satisfy patient needs" (Medical and Dental Care, 2008). "Nonstandard spectacles" are generally defined in the optical field as the oversize standard S-9 frame for individuals with larger than average head size, but can include other frames necessary to accommodate any physical abnormality that precludes wear of standard frames. In summary, 32 CFR interprets and implements Title X to include spectacles for retired military members.

The current Ophthalmic Services Instruction surfaced in 1986 as Army Regulation (AR) 40-63, Naval Medical Command Instruction 6810.1, and Air Force Joint

Instruction 44-117. The regulation further delineates ophthalmic entitlements to DoD beneficiaries, reinstating that retired members of the armed services are entitled to spectacles. It also defines "Standard Issue" of spectacles: "Prescription spectacles will be furnished in standard cellulose acetate spectacle frames. Prescription spectacles in frames other than the standard issue will not be furnished for cosmetic appearance or personal preference" (Ophthalmic Services, 1986, chap 2-4b). However, this regulation outlining ophthalmic services was written in 1986, more than a decade before the advent of the Frame of Choice program.

In 1999, the Optical Fabrication Enterprise (OFE) formed via memoranda of agreement (MOA) among the Office of the Secretary of Defense (Health Affairs), Army, Navy, and Air Force to reduce duplication of services in optical fabrication and increase efficiencies through economies of scale. The Bureau of Medicine and Surgery (BUMED), the office of the Navy Surgeon General, was named the lead agent of the OFE. The program executor is the Commander of the Naval Ophthalmic Support and Training Activity (NOSTRA).The Navy implemented a FOC program in 1996, and in 1999, the program expanded to include the Army and Air Force. Each service drafted its own implementation policy specific to their service members. The wording for FOC for retirees is similar in each policy: "As a Quality of Life program for active duty service members, FOC will not be available to military retirees" (Department of the Air Force, 1999). The Army's policy specifically addresses the issue of retired flag officers: "Military retirees, to include retired general officers, are not eligible for the FOC Spectacle Program" (Department of the Army, 2003).

In the private sector, eyeglass and vision benefits are usually offered as a supplemental plan to traditional health insurance. For example, an individual may have a core health insurance plan through his or her employer, and the employer may or may not pay for a supplemental dental or vision plan. These "ala carte" services vary widely from one carrier to another, but are not usually included in the foundation of the medical plan. Internet research into the most common health insurance plans (Kaiser Permanente, Blue Cross/Shield, Cigna, Aetna, United Health Group, WellPoint, and Federal Employees Vision Insurance Program) indicates that none of these includes optical benefits. Rather, they offer it as an ala carte benefit available for an additional premium or a discount at participating optical stores. Often, eye examinations are also not included in core benefits but available for additional fees (numerous websites listed in reference section, 2008).

In addition to the Department of Defense, select other government programs also provide eyeglass benefits. The US Public Health Service and state-sponsored Medicaid programs offer varied eyeglass benefits to low-income individuals and families (Benefits by Service, 2008). Medicare, the federal health insurance provided to US citizens over the age of 65 (as well as other smaller qualifying groups), allows one pair of spectacles to members only after undergoing cataract surgery. In contrast to DoD blanket eyeglass policies, these government policies mitigate financial need or disability.

Perhaps the closest related health care system to the DoD is the Department of Veterans Affairs (VA). However, DoD eyewear policies vary from those of the VA. DoD's Ophthalmic Services Instruction delineates an annual eyewear benefit for retired service members (Ophthalmic Services, 1986). Regardless if the retiree "needs" a new

pair of glasses or not, he/she can obtain a pair annually. No decrease in visual function or proof of financial need is necessary. In contrast, the VA offers a free selection of spectacles to any Veteran with more than 10% disability. To receive new eyeglasses, the Veteran must have had a change in spectacle prescription, have lost/broken eyewear, or have decreased visual acuity or function below the 80% level (defined as 20/50 binocular visual acuity or less than 40-degree monocular visual field). The evaluating optometrist or ophthalmologist determines the need for new eyewear. If the patient's current spectacles provide acceptable vision and are in acceptable condition, a new pair is not warranted under VA guidelines, regardless of age of the device. There is no co-pay or cost-sharing option for this Veterans benefit (Department of Veterans Affairs, 2008).

The VA also procures its spectacles in a much different manner than the DoD. DoD manufactures its own spectacles in regional optical fabrication labs utilizing centralized electronic ordering system, the Spectacle Request Transmission System (SRTS). In contrast, the regional VA facilities contract optical services through local vendors who compete for the VA optical agreement. Contracts are awarded regionally through each of the 22 Veterans Integrated Services Networks (VISN). Local or in-house optical fabrication companies compete and bid for contracts to fabricate the glasses for their local VA facilities. The awarded contractor provides approximately 15-25 frame choices to the VA eye clinics from which patients select their preferred style. The contractor also supplies repair and replacement parts to the local clinics so the clinic staff can assist in repairing and maintaining the Veterans glasses. The Veterans have no direct contact with the contract optical fabrication lab.

Although not a health care organization or formal health benefit, the Army and Air Force Exchange Service (AAFES) provides many health-related products in their stores and website, www.aafes.com. The use of AAFES facilities and contractors is a privilege provided to all military personnel, retirees, and their family members. AAFES is a military organization with a dual mission:

--"To provide quality merchandise and services at uniformly low prices to Soldiers, Airmen, and their families wherever they're stationed around the world."

--"To generate reasonable earnings to supplement Congressional appropriations in support of the Army and Air Force Morale, Welfare and Recreation (MWR)/Service programs" (Army and Air Force Exchange Service, 2009).

In AAFES and NEX (the Navy version of AAFES) retail stores, it is common to find an optical shop (and often an optometrist) serving the eligible population. AAFES strives to be an affordable alternative, and contracts optical services to provide low-cost eyewear to its customers. Most recently, AAFES has contracted with an online vendor, framesdirect.com, to provide internet-based spectacle sales. A basic pair of bifocals (the most common eyewear of retirement-aged patients) costs only $68.70 (with an additional $7.99 shipping fee). In-store optical shops have similarly low pricing for military patrons. This frame and lens package is most similar to spectacles offered in the military's FOC program, and should be considered a comparable alternative available to the military retiree.

Policy Options

The perceived inequity of vision and eyeglass benefits for retirees is a source of frustration for the retirees and leaders alike. Possible policy options include:

1) Status quo (no change to current policy)
2) Elimination of the current retiree eyewear benefit
3) Government funded expansion of FOC to retirees
4) Retiree purchase FOC at cost from the government
5) TRICARE optical benefit

The author will evaluate policy options by comparing 1) costs to the government, 2) costs to the retiree, 3) efficiency, 4) effectiveness, and 5) equality. The favored plan must not violate the Anti-Deficiency Act, 31 CFR, which states that the government cannot implement programs without appropriate funding (Limits on expending, 2006). For the purposes of this policy paper, the author will examine the cost implications for all DoD retired service members. One can pull Army-only costs from the data, but providing a service-specific benefit is highly unlikely and generally viewed as unfavorable by the beneficiary population.

Policy Option 1: Status Quo

An option in any policy analysis is no change to the current policy. Current policy of providing a pair of eyeglasses to retirees is already an extra benefit that is not required per Title X. It is a relatively low-cost endeavor at $2.8 million/year, which provides for the medical need of the retiree. The S-9 frame is not very fashionable, but it

is a comfortable, sturdy frame designed to withstand stress under a wide range of conditions. It is functional and can correct visual acuity as well as any other spectacle frame. If the policy is left unchanged, one should expect to see a constant retiree utilization rate (or perhaps slightly increased, due to the poor economy) of 3.2%. Material and labor costs should increase at the rate of inflation.

Another idea that has repeatedly surfaced over time is changing the current S-9 frame style. The OFE is currently soliciting industry to provide contemporary prototypes to replace the brown S-9 frame. DoD has provided the current brown S-9 style since the late 1970s, when it replaced the previous black "Buddy Holly" style S-10 frame (J. P. Darrah, NOSTRA, personal communication, January 16, 2009). Currently, retirees can order the traditional S-9 frame or the oversized S-91A frame. The S-91A is made of similar materials, but is thinner, lighter, and designed for larger facial features. Subjectively, it is a much more fashionable frame (see Figure 3). This raises the issue: Is it the S-9 frame itself retirees dislike? If the frame style were more fashionable, would retirees wear it? Alternatively, is it simply the concept of "choice" they desire? Do retirees merely want to have the same choice as the active duty members? The S-9 frame itself is made primarily of plastic with metal wiring and hardware. The materials themselves are inexpensive, and can be reasonably fashioned into a more stylish frame. Once the OFE finds a newer, contemporary-style S-9 at similar costs, will the retirees cease to complain about lack of choice? This question is important but predicting retiree behavior on this issue is difficult.

Policy Option 2: Elimination of the Benefit

An eyeglass benefit for retired service members is not required under Title X. Changing the semantics in 32 CFR could eliminate the provision of glasses to retirees. There are many advantages to the elimination of the benefit, including cost savings and aligning benefits to current civilian health care trends. The primary disadvantage is the loss of goodwill of the retiree community.

The OFE (via the NOSTRA comptroller) reports that the retiree utilization of the current eyewear benefit is approximately 70,715 pair of glasses per year. The projected DoD retiree population per MCFAS (Managed Care Forecasting and Analysis System) in the short term (until 2015) hovers just above 2,000,000 (From 2,063,233 in FY 2009 to a high of 2,074,993 in FY 2012). Table 1 displays the projected short-term retiree population (B. B. Henderson, NOSTRA, personal communication, January 16, 2009). Using 2 million retirees as an estimated population, the utilization rate is presently 3.2%. Per NOSTRA, the S-9 frame has an average cost of $40/pair (average from the male and female S-9 versions, as well as oversize frames for larger than normal face shapes). Total current cost for the retiree eyeglass benefit is $2,828,600. Elimination of the current program would yield a cost savings to the government of that amount.

In addition to the approximately $2.8 million in cost savings, eliminating the retiree eyewear benefit would align DoD with trends in the civilian health care sector. Rising health care costs have led to the elimination and streamlining of health care benefits across the industry. In this era of health care reform, expansion of benefits is generally viewed as untenable. Cutting ancillary and durable materials benefits is a reasonable way for health insurance organizations to reduce their overall costs. The only

organization that offers a no-charge eyewear program in their standard benefit package is the Department of Veterans Affairs; and even their program calls for replacement eyewear "as needed." The eye care practitioner determines the eligibility of new or replacement eyewear based on changes in medical need—it is not an automatic annual or bi-annual eyewear benefit such as the current DoD structure (Department of Veterans Affairs, 2008). Elimination of the base DoD eyewear benefit would mirror current civilian practices.

The primary disadvantage of discontinuing the retiree eyewear benefit is the extreme loss of goodwill between the DoD and the retired military community. Due to the post 9-11 resurgence of patriotism and support to our war fighters, an elimination of a well-established benefit to those who have valiantly fought America's wars could be extremely politically unpopular. Retired service organizations (such as the Retired Military Officers Association, the Retired Enlisted Association, and the American Military Retiree Association, to name only a few), would certainly speak out against such a change and could bring significant unfavorable publicity to the already shaken DoD health care system. Although program elimination would save over $2.8 million per year, the non-tangible cost of unfavorable public relations could be much higher. In the realm of government spending, $2.8 million is an insignificant amount. Is this "budget dust" savings worth the loss of our reputation in the retiree community?

Policy Options 3, 4, and 5: Eyeglass Program Expansion

Certainly, the retired military community would most favor an expansion of the current eyeglass program to include Frames of Choice. DoD could expand the program

in a number of ways with a variety of suppliers and payer sources. For the purposes of this policy analysis, there are a few assumptions for all expansion courses of action. If certain variables are kept constant, analysts are better able to compare and contrast the options examined.

Assumptions:

1) NOSTRA and Brooke Army Medical Center (BAMC) will initially fabricate all retiree Frame of Choice (except under TRICARE optical policy option).

2) DoD Optometry Clinics will continue to order and distribute the retiree eyewear (except under TRICARE optical policy option).

3) There is no additional capacity at the Military Treatment Facility (MTF) for retiree eye examinations.

4) Expansion programs would not eliminate any current vision or eyewear benefits.

NOSTRA is DoD's largest and busiest optical fabrication lab, with BAMC following as a distant second. NOSTRA produces 28% of the overall military eyewear (excluding commercial combat eye protection, but including the prescription inserts for the combat eye protection and goggles) and BAMC follows at 19%. Smaller laboratories dispersed throughout DoD produce the remaining eyewear. When examining retiree orders only, NOSTRA fabricates 59% and BAMC fabricates 24% of the orders (B.B. Henderson, NOSTRA, personal communication, January 15, 2009). NOSTRA is also the default lab for any difficult or special order spectacles, and has the most surfacing and

grinding capabilities of all DoD optical fabrication labs. Because of its expanded capabilities, NOSTRA already has business relationships (ordering, shipping, etc.) with all DoD optometry clinics. Therefore, providing retiree FOC for those clinics would not require any new business processes. As the OFE program executor, the Commander states that the facility and administrative structure and support of NOSTRA can accommodate the additional workload generated by retiree FOC, with secondary support from BAMC (A. T. Engle, NOSTRA, personal communication, September 25, 2008). Currently, NOSTRA is working near maximum capacity for its one shift of workers fully utilizing available equipment. To produce additional FOC (for the retirees), NOSTRA would add an additional shift of worker to operate the equipment in the evening/night. Table 2 details the costs of additional workers needed to produce the additional FOC load. It is important to note that OFE considered these costs when they determined the $45/pair cost for retiree FOC, and should not be added into projected costs. One cost not considered here is the replacement of the fabrication equipment, due to the higher usage of the existing equipment. Increased workload on the equipment would decrease life expectancy and require replacement sooner than originally planned.

The decision for NOSTRA and BAMC production of all initial retiree FOC orders was made in an attempt to obtain a good estimate of associated costs and centralize the workload. Over time, workload can easily be shifted to other DoD optical fabrication labs as much as their capacity allows. In addition, DoD could investigate the option of outsourcing excess optical fabrication to an outside vendor (although NOSTRA and other DoD labs must exist to continue supporting active duty missions). This arrangement would mimic the VA's current agreement with regional optical fabrication labs, and

would most likely yield average costs of approximately $55 per pair of glasses, which is the VA's current fully burdened cost of outsourcing optical fabrication. NOSTRA estimates a fully burdened cost of approximately $45 per pair (including the additional personnel costs), so the civilian-sector costs would need to be lower than that price point to be cost effective.

The second assumption is that DoD clinics (usually optometry clinics) would continue to order all military eyewear, including Frame of Choice. Currently, clinics process over 95% of all orders, with a few patrons contacting NOSTRA directly for their orders (J. P. Darrah, NOSTRA, personal communication, January 16, 2009). An in-person, optician visit is best when fitting new glasses, as particular measurements must be taken and vary based on the patient's facial features and chosen eyeglass frame. NOSTRA can currently process fax or mail orders because patrons are using existing measurements on their current S-9 frame. A new frame style requires a new set of measurements for the patient. Patients order their glasses at the MTF after seeing an eye doctor at the facility, or they "walk-in" to the clinic during optical ordering hours and present their written prescription (from a network or other civilian provider) to an optometry technician.

Once the patient orders eyewear at a clinic, the technician enters the order and sends it to the optical fabrication lab via the Spectacle Request Transmission System (SRTS). SRTS is a computerized DoD program designed to connect the ordering clinics and optical fabrication labs, as well as run internal reports on optical ordering statistics. The laboratory processes and fabricates the order, then mails the glasses back to the clinic for distribution to the patient. The technician at the clinic sorts and processes the glasses

for mailing to the patient. Some clinics may call the patient for pick up but most mail the glasses to them. Traditionally, the MTF carries the burden of paying the postage to get the glasses to the patient. Informal surveys of postage rates in Europe, Hawaii, and the continental US reveal an average postage cost of $2 per pair.

Personnel in the optometry clinics, particularly the technicians, would feel the brunt of increased patient demand. It would be up to individual clinic officers and MTF Commanders to dictate local execution of an expanded FOC policy. In catchment areas with a low retiree population, the clinics may not realize any significant change in workload. On the extreme end, clinics near a high retiree population may need to hire an additional technician or lower level staff member to facilitate the increased orders and distribution of glasses. In addition, the MTF would foot the bill for the postage of additional eyewear orders. The cost per unit would stay roughly the same (FOC glasses are of similar size and weight as the S-9s), but the quantity distributed would rise.

Thirdly, assume there will be no additional capacity at the MTF for retiree eye examinations. Currently, TRICARE (the DoD health insurance program, formerly known as CHAMPUS) covers routine eye examinations for its beneficiaries. TRICARE Prime, the premium TRICARE plan for DoD beneficiaries, covers one eye examination every 2 years for retirees under age 65. After age 65, eye examinations are not covered under TRICARE or MEDICARE except for in cases where ocular health is at risk (diabetes, glaucoma, etc.). Patients over 65 could be charged a refraction fee (usually about $15-20), the portion of the exam dedicated to determining the eyeglass prescription. Historically, an MTF may provide examinations for the over 65

beneficiaries free of charge (on a space available basis), although it is not a traditionally covered benefit.

However, network providers in the purchased care environment provide most retiree eye care. During the period of Fiscal Year 04-Fiscal Year 08, military facilities provided to retirees 281,206 exams for glasses (CPT code 92015, refraction), while network doctors provided 698,208 refractions. This means 29% of retiree refractions were performed in the MTFs, with the remaining 71% performed on the network. Offering FOC to retirees is unlikely to change this statistic, as most MTFs are operating at capacity (S. L. Bentley, Decision Support Cell, Army Office of the Surgeon General, personal communication, January 28, 2009).

A change in the optical benefit for retirees would not translate into more direct care eye examinations, rather more patients may "walk-in" to the clinics to order their glasses only. Although eye examinations are a TRICARE benefit for TRICARE Prime beneficiaries under the age of 65, any enrolled retiree, regardless of age or TRICARE status, may receive one pair of S-9 spectacles per year. Since any optometrist or ophthalmologist can prescribe glasses, a surge in the use of network vs. non-network providers is not likely. Any written prescription enables a patient to order eyewear at DoD clinics.

Finally, an expansion in the benefit would not eliminate any current benefits. Under all expansion scenarios, retirees could continue to order and receive the S-9 eyewear at no cost if desired. Eye examination entitlements (once every two years for retired TRICARE Prime) would also remain unchanged.

Policy Option 3: Government Funded Expansion

Whenever program expansion is considered, most individuals assume the government will automatically cover associated expenses. Although this is not always true, for the patient and consumer, it is usually the desired choice. Costs and implications for this option are articulated here.

A fully funded government expansion of the DoD's Frame of Choice benefit to retirees would likely most mimic the VA benefit previously described. Primarily, the VA and DoD have the most similar patient base (generally, older adult Americans, mostly men, who have served their country and in return now receive federal benefits). Patients choose from a limited selection of frame styles and lens design options (single vision, bifocals, trifocals, etc). The DoD and VA already cover eye examinations under their basic health plan, with no additional fee to retirees.

In 2006 (the latest complete data available), the utilization rate for the VA eyeglass benefit was approximately 22.5%. This was determined by comparing individual eyewear orders to the VA population that is 10% or more disabled and eligible for the eyeglass benefit. The VA's Prosthetic and Sensory Aids Service in Washington, DC heads the program. The overall VA costs for the eyewear benefit program were $33.4 million in FY06, $35.4 million in FY07, and $38.8 million in FY08. Although individual price information is not available for each type of frame, taking total costs and dividing it by patients served yields an average device cost of $54.59 in FY06, $55.09 in FY07, and $56.66 in FY08 (J. A. Lyu, Department of Veterans Affairs, personal communication, December 5, 2008).

NOSTRA estimates material and production costs for a similar product to be approximately $45 per device. Non-centralized costs, postage, and potential additional clinic personnel are more difficult to estimate and funded by the MTFs. The MTF pays the postage of the glasses to the retiree, at a rate estimated at $2 per pair. The additional clinic personnel to process the FOC ordered may or not be necessary, and certainly would not be hired until a significant increase in demand for optical services is realized at the MTF level.

Although current utilization of the DoD eyeglass benefit (S-9) is around 3.2%, it is reasonable to estimate that retiree FOC utilization would be similar to the VA benefit at 22.5%. With these utilization rates and costs, a government-funded retiree FOC program would cost $20,493,203 per year. This is a difference of $17,664,603 per year over a status-quo option ($2,828,600) (reference Table 3). Estimates range from a high of $45,000,000 (if 50% of retirees order yearly) to low estimates of $11,250,000 (if 12.5% order yearly). The low estimate would assume only a nominal increase in retiree demand over the current S-9 demand (see Table 4). If retiree utilization remained constant at 3.2% (current S-9 rates), DoD could expect an estimated cost of $2,880,000. This figure is only $353,575 more than the current budget, but it is unlikely the number of retirees ordering eyewear would remain constant given an expanded FOC program. Again, these are the materials and production costs only, with nominal postage and potential staff increases distributed at the MTF level.

There are many advantages to a government-sponsored FOC retiree benefit. It is the least administratively burdensome, as funds are not collected from external sources to produce the additional eyewear. It is the most financially appealing option for retirees as

there is no cost to them, only the gain of cosmetically appealing eyewear. However, the disadvantage is significant, to the tune of $17 million dollars to an already fiscally strained system.

Policy Option 4: Retiree Purchases FOC at Cost

Although most consumers prefer a free product, a discounted one is often the next best choice. In recent years, many military treatment facilities have offered services and procedures not covered under TRICARE at a discounted or "cost" rate to the beneficiaries. Elective cosmetic surgery is perhaps the best example. Selected MTFs (usually larger facilities and medical residency training sites) offer space-available cosmetic surgery for a reduced fee, payable to the MTF treasury department. DoD could establish a similar system for retiree Frame of Choice. However, the largest obstacle is that not every MTF offers cosmetic surgery or has an intrinsic treasury department. Smaller facilities and outpatient clinics do not have the administrative personnel and procedures in place to conduct monetary transactions. In addition, funds paid directly to the MTF would need to transfer to the optical fabrication lab. Such a process could prove to be unreliable and administratively burdensome.

However, the medical system can examine the simple payment structures present at Army veterinary treatment facilities. They use credit card swipe machines to pay for pet medications and other items. Veterinary treatment for household pets is available at many Army posts, and the provision of low-cost pet medications and preventive treatments is desirable for optimal health outcomes. The clinic provides the items through the Moral, Welfare, and Recreation department and non-appropriated funds.

Army Veterinary Command (VETCOM) guidance dictates that the charged price of the item must be less than 5% over cost, and any slim margin of profit is re-invested in the particular veterinary facility (C. L. Walsh, Ft. Belvoir Veterinary Facility, personal communication, November 13, 2008).

In recent years, credit/debit card swipe machines have become well accepted in American society. They require little to no training to operate, and in many cases, the patron swipes their own credit or debit card in the machine. Banks issue the credit card machines to businesses in exchange for a 2-4% surcharge on each purchase. The government could contract with a bank to set up direct lines between remote credit card terminals and NOSTRA. In this proposed scenario, military retirees swipe their credit card at the ordering clinics to pay for the FOC at cost, and the money flows directly to NOSTRA for fabrication. Under the proposed scenario, the retiree would continue to receive the current S-9 at no charge if desired, in lieu of the opportunity to purchase a FOC frame. The administrative costs of this option include a monthly rental fee for the terminal (approximately $40) in addition to the 2-4% per purchase surcharge (B. Lender, Federal Contracting, CB&T Bank, personal communication, December 10, 2008). DoD can incorporate these costs by including them in the price charged to the retiree (example, charge $50 for the FOC to offset these administrative costs).

The retiree payment by credit/debit card has many advantages. First, this system simplifies the funding stream of collecting money from the patient and transferring it directly to the organization burdening the cost—the optical fabrication lab. It eliminates an intermediate money handler such as an MTF treasury. Secondly, it addresses the shortcomings that not all eyewear-ordering clinics have access to MTF treasury services.

Thirdly, it allows the clinic to know immediately the "paid" status of the beneficiary, versus the patient mailing a check to NOSTRA or other payment means. Once the card is accepted, the optical clinic can submit the order.

There are also disadvantages to the credit/debit card payment method. Patrons who handle cash or checks only would be at a distinct disadvantage, as there is no allowance for payment methods other than cards. There are also the additional fees that banks charge for the use and processing of the card transactions. Despite these disadvantages, credit/debit cards are a universally accepted form of payment and minimize the burden of payment processing in comparison to other payment methods (i.e. cash or check payment to a MTF or NOSTRA directly).

Policy Option 5: TRICARE Optical Benefit

An optical benefit tied to TRICARE fees would mimic common civilian sector benefits. Optical benefits are generally not included in basic health-care plans, but rather, are an added benefit for ala carte purchase by the beneficiary. Under this scheme, retirees could opt into an additional TRICARE fee in return for an optical benefit.

Active duty service members and their families are automatically beneficiaries of TRICARE Prime at no cost. Retirees and their family members, however, must pay an annual enrollment fee, $230 for an individual retiree or $460 for an entire family (Welcome TRICARE beneficiaries, 2009). TRICARE fees go to the regional contractor administering the health benefits (i.e. Humana, HealthNet Federal Services) to cover administrative costs and do not contribute directly towards covered services. TRICARE pays for provided purchased care services via the contracted regional health carrier (F.

Sharshar, TMA, personal communication, January 21, 2009). In recent years, TRICARE Management Activity (TMA) has proposed raising the fees to mitigate inflation and the increased costs of health care and benefit administration. Congress has disapproved of any fee increase to subsidize current TRICARE benefits via the National Defense Authorization Acts (NDAA) of 2007 and 2008. Although the NDAA prohibits premium increases for existing services, a separate billed optical benefit would be a new product line for TRICARE and possibly perceived differently by Congress.

Like a proposed TRICARE optical benefit, the TRICARE Retiree Dental Program (TRDP) is ala carte benefit for TRICARE beneficiaries. This program, unlike the Active Duty family member dental plan (which is partially subsidized by TRICARE funds), is 100% funded by the retiree. TRICARE does not contribute any monies towards retiree dental care. Instead, it facilitates the retirees and families in obtaining dental insurance by contracting with dental insurance carriers. Only those who desire the extra coverage purchase the insurance. Currently, 19% of eligible retirees have enrolled in the TRDP (K. Zimmerman, TRICARE Retiree Dental Program contract manager, personal communication, March 9, 2009). Monthly premiums range from $31 to $47 per month, for an individual retiree, based on geographic location. Additional family members join the plan for additional premiums. There is an annual deductible of $50 and not all dental services are covered. There are annual maximum out-of-pocket costs of $1200 for general dental (non-orthodontic) care. Premiums are automatically deducted from the service member's retired military pay (Prospective enrollees, 2009).

A proposed cafeteria-style TRICARE optical plan would be 100% funded by retirees. Research revealed there are very few insurance carriers that offer optical only

benefits, as most combine spectacle benefits with vision exams. A critical assumption is that vision exam benefits would remain covered in the TRICARE plan; therefore, TRICARE needs a materials-only vision benefit. None of the larger insurance plans listed previously offer a materials-only vision benefit. However, Ameritas Life Insurance offers an optical only plan for as little as $2.56 per month for an individual, with a $20 annual deductible. This program offers reimbursement for base level eyewear—eyeglass frames up to $55, bifocal lenses up to $50, and even progressive addition lenses (not currently offered by DoD optical fabrication laboratories) up to $70. Frame replacement occurs once every 24 months, and lenses every 12 months (Ameritus, 2009).

The advantages to a TRICARE optical plan are many. For an annual out-of-pocket cost of approximately $50, military retirees can choose from a variety of frames and lenses through participating nationwide optical stores. This is a significant savings from average optical costs of $100 and up per pair of glasses. It provides the retiree wider choices of frames and lenses (such as progressive-addition lenses) than the military labs currently provide. In comparison to the TRICARE retiree dental plan, it is a relatively low-cost benefit (average $40 per month for dental vs. less than $3 for optical). Although funded entirely by the beneficiary, the retiree may be view this new optical benefit as an expansion of their entitlements and a win in the battle for better-looking glasses.

There are also disadvantages to this type of TRICARE administered program. Due to the limited number of insurance companies currently offering an optical-only benefit, Ameritus was the only company to submit a quote or information. Other insurance companies (that offer an optical-only benefit) are likely to have competitive

pricing and TMA would choose the most appropriate contractor for its stakeholders. There would be a time-delay and start up costs of the new benefit, such as soliciting bids from insurance companies and hiring personnel to administer the program. Lingering costs to TMA involve the administrative personnel interacting with insurance contractor and the finance centers deducting costs from the retired service member's pay. The TMA manager of the TDRP estimates that TMA would have to hire fewer than five people to monitor the contractor's performance and that many of the management aspects would fall inline with other duties of current TMA employees. It is difficult to estimate the exact administrative costs, but for comparison purposes, an approximate cost of $500,000 was estimated for TMA (K. Zimmerman, personal communication, March 9, 2009). It is also not a cost-free program to the beneficiary, although DoD could continue to offer the S-9 glasses free of charge to interested parties.

Evaluative Criteria

To choose the most appropriate policy to implement, the author developed a set of evaluative criteria. Five criteria were chosen to best address the interests of the stakeholders:

1. Cost to Government: Cost to government is defined as the amount of financial obligation of the US Government or Department of Defense to fund the proposed policy.
2. Cost to the Beneficiary: Beneficiary cost is the amount of financial obligation needed from the beneficiary. In our case, the beneficiary is the military retiree.

3. Efficiency: Efficiency is defined as the best use of resources (labor, time, facilities) to implement the policy. An administratively burdensome policy would require more coordination among agencies and would be considered inefficient.

4. Effectiveness: An effective policy would address the retirees' desire for more cosmetically attractive eyewear. Does the policy solve the complaints raised by our beneficiaries? Success could be measured by increased usage rates (compared to the current 3.2% of retirees ordering S-9s) and decreased numbers of formal complaints by the retirees.

5. Equality: In our policy comparison, equality measures the similarity of the proposed eyeglass benefit to similar benefits offered in the civilian health sector.

Policies were graded in the evaluative criteria by numerical rating, ranging from -2 (very negative) to +2 (very positive). A score of 0 would indicate no significant change over current policy. The author assigned subjective ratings based on optometry clinical experience and health administration research.

Projected Outcomes

Each proposed course of action has positive and negative impacts on stakeholders. For comparison purposes in this policy paper, criterion were weighted equally. The author considered government cost, beneficiary cost, efficiency, effectiveness, and equality uniformly important. However, DoD policymakers considering actual policy

change should weight the criteria accordingly to choose the best course of action for the organization at the time. For example, if government cost is deemed twice as important as equality, then the government cost scores should be weighted twice that of equality for each policy course. By definition of our grading scale, the "status quo" option is graded with a 0 (neutral) across all grading criteria. All other policies are graded to this standard. Table 5 summarizes the policy options and outcomes.

Cost to the Government

Cost to the US government for implementing a new eyeglass policy is perhaps the biggest concern to the Department of Defense. In all policies except elimination of benefit, assume that some individuals will continue to order free S-9s, therefore there is a minimum cost linked to the status quo costs ($2,828,600). Table 6 illustrates cost estimates. The most costly option is a fully funded government expansion of the current Frame of Choice program, issuing DoD Frame of Choice to retirees in addition to the Active Duty Service Member. This option is estimated to cost $17.7 million over current levels of spending (distributing only the S-9 spectacles to retirees). The next most costly option is a proposed TRICARE optical benefit. Costs to the government would involve the administrative personnel to administer the contract and handle retiree payments. For comparison purposes, the author used the estimate of $500,000 annually for additional administrative and personnel costs to TMA. Retirees purchasing FOC at cost (via credit card machines at clinics or internet orders) would be relatively cost neutral, as additional incurred administrative costs could be rolled into the price charged to the retiree. Money towards additional mailing costs or clinic staffs (due to the potential increase in orders)

may need to be shifted to the MTFs as needed. Many decentralized costs can be mitigated with managerial techniques (such as the retiree returning to the MTF to receive the ordered eyewear instead of mailing them, and posting standard "walk-in optical" times in busy clinics). The most cost-saving option to the government is the elimination of the optical benefit altogether, which would save DoD $2.8 million per year.

Cost to the Beneficiary

The most costly option to the retiree beneficiary is the elimination of the current benefit. Under this policy option, the retiree would no longer have the option for the free S-9 DoD spectacles, and would be forced to buy glasses at a civilian optical shop (priced approximately $70 and up, with AAFES optical as a low-price benchmark) to have even the most basic eyewear. Retirees would see no change in their current expenses with the status quo option. Beneficiaries would see a moderate, relatively equal frame benefit with the retiree purchase FOC option and TRICARE optical benefit option. They would still receive the free S-9 spectacles if they choose, as well as the choice purchase FOC or similar civilian frames at a discounted rate (approx $50/year for either option). The least costly policy to the beneficiary is the government-funded expansion of the FOC program, where the retiree would receive FOC free of charge. Table 6 summarizes these costs.

Efficiency

In terms of efficient use of government resources, the least efficient policy scenarios are the TRICARE optical benefit option and the retiree purchase FOC option. Under the TRICARE optical benefit policy, TMA would shoulder the start up costs

associated with vendor contracts and hiring additional staffs to administer the contracts and work with the retiree pay service to ensure retiree payment. Under the retiree purchase FOC option, the government (namely, the OFE) would need to contract with banks to run credit card operations, and enhance their online ordering procedures (for retirees without access to local DoD clinics for optical ordering). In addition, clinic staff would need to train in the set up and use of the credit card machines with coordination from the vendor and the MTF's Information Management Division. There is also the additional workload and postage carried by the MTF. Under the government-funded option, OFE and the clinics would realize only the additional workload and costs related to increased demand. One option increases efficiency and actually frees government resources—the elimination of the current benefit.

Effectiveness

The measure of effectiveness in this policy examination is the answer to this question: Does the policy get a better-looking pair of glasses into the hands of the retiree? Cost and other factors were not considered in this measure as they are reflected as separately judged categories. The worst option for this is the elimination of the benefit altogether. Not only does it not provide for a FOC or contemporary frame, it eliminates the opportunity to receive the current or future S-9. The status quo provides no policy change, but allows the opportunity to receive current and future S-9s. Future S-9s will likely be more cosmetically appealing when the OFE can find a suitable replacement for the current frame with similar costs. The government-funded expansion and the retiree purchase FOC policy options provide the retiree with the same options available to our

active duty service members. However, FOC selection is limited to between four and six frames. FOC lenses are always clear and either single vision or lined multifocal (bifocal or trifocal). The selection is adequate for DoD mission purposes, but not as extensive as available from civilian optical franchises. The most robust policy program in terms of effectiveness is a TRICARE optical benefit. Under a civilian-contracted benefit, the retiree could choose from a wider selection of frames and lenses, to include progressive addition lenses. In addition, the retiree would have the choice to pay extra for premium lens options such as tinting, anti-reflective or anti-scratch coatings, and transition lenses. NOSTRA and other DoD optical fabrication labs cannot offer those often-desirable lens options.

Equality

In our policy comparison, equality measures the similarity of the proposed eyeglass benefit to similar benefits offered in the civilian health sector. Because eyeglass benefits vary so widely across our society, this is perhaps the most subjective measure. Although aligned with civilian base health insurance plans, elimination of the eyeglass benefit would be viewed as unfavorable and unfair by retirees, because they have historically received the S-9 glasses, and the VA distributes glasses to their beneficiaries. A government-funded expansion would most mirror the VA system. Although it is not a purely civilian system, it is perhaps the closest comparison group to the DoD retiree. The retiree purchase FOC option aligns with some selected civilian health plans, such as Kaiser-Permanente, that offer optical discounts at their participating stores. The policy that compares most to civilian health care policies is the TRICARE optical benefit. This

provides an ala carte optical benefit for those who choose to purchase it. Administered like the TRICARE retiree dental program, it would be another benefit option for retirees.

Analysis of Trade-offs

There are positive and negative impacts for each policy option. Decision makers must scrutinize these impacts during policy consideration. In this section, the trade-offs inherent with each course of action are examined.

Status Quo

In the status quo option, DoD does not change its stance on retiree eyewear. Although not required by Title X, DoD does provide the most basic of eyewear to retirees. Costs are minimized because not many eligible beneficiaries (3.2%) currently order the S-9 glasses. The trade off to the status quo is that the retired community will continue to feel neglected by the military they so faithfully served and will continue to complain about the poor choices of eyewear. As previously stated, there is no graded gain or with the status quo option.

Elimination of the Benefit

By eliminating the eyewear benefit altogether, DoD saves approximately $2.8 million per year. It also aligns with civilian base healthcare plans that provide no concession for optical needs. Title X does not outline the provision of eyewear for retirees. However, eliminating such a relatively inexpensive benefit from retirees would certainly create unwanted bad publicity and outcry from the retiree community and,

possibly, the civilian public as well. It would distance the DoD from the VA in terms of eyewear benefits, even though both serve a similar population. In times of war, cutting benefits to those who have served in our Nation's military may be an unpopular notion.

Government Funded Expansion

A government-funded expansion of FOC to retirees would be a joyous victory for the retirees and their service organizations. Since the inception of Frame of Choice in the late 1990's, retirees have complained about their lack of FOC benefit and the perceived injustice of the DoD eyewear system. The biggest trade-off is its enormous expense to the federal government—an estimated $20.5 million. In today's strained economy, adoption of new spending programs is unlikely.

Retiree Purchase FOC at Cost

The option for the retiree to purchase FOC at cost is a good compromise for all the stakeholders. For DoD, it is relatively cost neutral, as any additional costs can be rolled into the charging price for the glasses. For the retiree, it provides the option to purchase their glasses at a discount (compared to civilian optical stores) in a military facility. Many retirees enjoy the opportunity to enter the MTF and may already receive their medical care and/or their prescription medications there. On the other hand, this option is administratively burdensome for both parties. The government, namely OFE and the ordering clinics, would have to adopt new procedures for credit card processing and patient encounters. The retiree who is not located near an MTF would be at a distinct

disadvantage, as correctly ordering and fitting eyewear online is a daunting challenge for even the computer savvy.

TRICARE Optical Benefit

TMA's establishment of a TRICARE optical benefit addresses the retiree's desire for more attractive eyeglasses. In fact, retirees would have access to a more robust selection of frames and lenses on the civilian optical network. In addition, the program would mitigate the disadvantage of those retirees not located near an MTF (and would be unable to order traditional FOC). It is a relatively low-cost program for the retiree, with the annual costs (approximately $50) less than an average basic pair of glasses purchased at an AAFES optical (a low cost leader at $70+). Likewise, it is a relatively inexpensive program for DoD, as TMA would only pay personnel expenses related to contract negotiation and maintenance. A TRICARE optical benefit is most similar to civilian health care policies as it is an ala carte benefit provided at an additional cost over basic health coverage. The primary disadvantage is the potential perception that DoD is not truly providing a direct benefit for the retiree. The program may seem more complex to some beneficiaries who would prefer simply to order better glasses from the MTF.

Recommendation

After careful consideration of these proposed policies against the chosen graded criteria, the TRICARE optical benefit emerged as the best policy option. Although any of the expansion options would address the retirees' desire for more contemporary eyewear, the TRICARE optical benefit provides the greatest benefit. In addition to

serving the retiree community and their optical desires, a successful TRICARE optical benefit could potentially expand to cover family members (although this was not considered as a benefit in the analysis). As long as the beneficiary pays the insurance premiums and co-pays, TMA could structure the policy in a variety of ways to best suit the needs of its stakeholders.

Conclusion

The Department of Defense has long provided eyewear for its service members and retirees. Until recently, the active duty member and the retiree received the same style of frames. However, the advent of FOC for the active duty member left the retiree feeling neglected and dismissed by the military health care system. In this policy paper, various policy options were examined to address the retiree's desire for cosmetically appealing eyeglasses, namely the Frame of Choice. The author examined costs as well as the non-tangible benefits associated with five separate policies. Ultimately, a TRICARE optical benefit emerged as the best course of action to pursue. Such a policy would enable the retiree to choose from a wide selection of commercially available eyewear in exchange for a low monthly premium. Retirees could continue to receive standard issue frames (S-9) at no charge from the government if desired. This policy option provides the highest level of benefit at a reasonable cost to both the government and the beneficiary. If TMA pursues this option, contract research, competition, and negotiation would reveal a final price that may or may not be suitable for the stakeholders. Ultimately, only DoD policymakers recognize their specific constraints, and must choose the best policy alternative to suit the needs of both the government and the beneficiary.

References

2008 Federal Employees Dental and Vision Insurance Program. Retrieved October 10, 2008 from http://www.opm.gov/insure/08/FEDVIP/FEDVIPSearch.aspx.

Aetna Vision Discount. Retrieved October 10, 2008 from http://www.cbia.com/INS/hlt/zpdf/CBIA%20Aetna%20Vision%20Discounts.pdf.

Ameritus Group (2009). *Vision Perfect Choice: Voluntary plans for 10+ enrolled.*

Anthem Blue View Vision. Retrieved October 10, 2008 from http://labat.benenet.net/documents/AnthemBlueViewVision.pdf.

Armed Forces. 10 U.S.C. Subtitle A, Part II, Chapter 55 § 1074g (1956).

Army & Air Force Exchange Service. Retrieved January 15, 2009 from http://www.aafes.com/pa/quickfacts/quickfacts.pdf.

Benefits by Service: Eyeglasses. Retrieved October 10, 2008 from http://www.kaiserfamilyfoundation.org/medicaid/benefits/service.jsp?yr=3&so=0&cat=11&sv=9&x=92&y=16.

Blue Choice Vision. Retrieved October 10, 2008 from https://member.bcbsga.com/member/valueAddedPrograms/blueChoiceVision.html.

Contact Lenses and Eyeglasses. Retrieved October 10, 2008 from http://www.aetna.com/cpb/medical/data/100_199/0126.html.

Department of the Air Force (1999). *Standard operating procedures, Frame of Choice program.*

Department of the Army (2003). *U.S. Army Frame of Choice spectacle program, standard operating procedures.*

Department of Veterans Affairs (2008). *VHA Directive 2008-070, Prescribing hearing aids and eyeglasses.*

Evolution of the Continental Army Medical Department. Retrieved October 10, 2008 from http://history.amedd.army.mil/booksdocs/rev/gillett1/frameindex.html.

Eyeglasses/Contact lenses. Retrieved October 10, 2008 from http://conversion.horizonblue.com/members/hw/discount_programs/eyeglasses.html

Headquarters, Departments of the Army, the Navy, and the Air Force (1986). *Ophthalmic Services (Army Regulation 40-63, naval Medical Command Instruction 6810.1, Air Force Joint Instruction 44-17).* Washington, DC: U.S. Government Printing Office.

Higgins, P. (1997). *Coast Guard participation in the Frame of Choice program.* (Memorandum, U.S. Department of Transportation, United States Coast Guard, Washington, DC).

History of the Navy Ophthalmic Program. Retrieved October 10, 2008 from http://nostra.norfolk.navy.mil/history.cfm.

Limitations on expending and obligating amounts. 31 U.S.C. Title 31, Subtitle II, Chapter 13, Subchapter II § 1341 (2006).

Medical and Dental Care for Eligible Persons at Navy Medical Department Facilities. 32 CFR728, Volume 5, Chapter VI, section 728.31 (2008).

Medical Coverage Policies. Retrieved October 10, 2008 from https://www.bcbsri.com/BCBSRIWeb/plansandservices/scrvices/medical_policies/PostCataractAphakiaandKeratoconusTreatmentLenses.jsp.

Moorhead, E.D. (1997). *Invitation to participate in the Frame of Choice program.* (Memorandum, Department of the Navy, Naval Ophthalmic Support and Training Activity, Yorktown, VA).

Prospective Enrollees: Cost. Retrieved February 16, 2009 from http://www.trdp.org/pro/overview.html.

Provision of Standard and Frame of Choice Eyeglasses for Retired Military Personnel. (Unlabeled Memorandum dated 16 December 2004).

Roberts, W.H. (2006). *Updated frame selections for the Frame of Choice Program.* (Memorandum, Department of the Navy, Naval Ophthalmic Support and Training Activity, Yorktown, VA).

Welcome to CIGNA Vision. Retrieved October 10, 2008 from http://airbus.benenet.net/documents/CignaVisionBenefitSummary2008.pdf.

Welcome TRICARE Beneficiaries. Retrieved February 13, 2009 from http://www.tricare.mil/mybenefit/index.jsp.

What CIGNA Plans DO NOT cover. Retrieved October 10, 2008 from http://www.flexab.com/handbook/Health care/CIGNA/WhatTheCIGNAPlansDoNotCover.html.

Wong, D. (1999). *Implementation of Air Force Frame of Choice program.* (Memorandum, Department of the Air Force, HQ 89th Airlift Wing, Andrews AFB, MD).

Table 1

Projected Retired Service Members

Sum of FY End Elig Population	Fiscal Year								
Sponsor Service	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Air Force	677,097	677,678	677,148	675,272	672,110	668,500	664,302	659,307	654,112
Army	705,391	715,767	724,416	731,082	735,839	739,869	743,002	744,847	746,420
Coast Guard	37,608	38,429	39,213	39,974	40,716	41,423	42,121	42,783	43,427
Marine Corps	117,677	118,643	119,447	120,073	120,502	120,888	121,172	121,324	121,406
Navy	498,443	501,038	503,009	504,131	504,318	504,313	503,933	502,986	501,866
Grand Total	2,036,216	2,051,555	2,063,233	2,070,532	2,073,485	2,074,993	2,074,530	2,071,247	2,067,231

Note. Information provided by OFE (Beth Henderson, NOSTRA Comptroller), 16 January 2009.

Table 2

Retiree FOC: Additional Civilian Pay Cost Requirements (Estimated), FY09

Job Title	Pay Plan	Series	Grade	Step	Annual Salary	29.5% Benefits	Salary Cost	Quantity	Total Cost
Customer Support Tech (BAMC)	GS	0640	09	05	$58,125	$17,147	$75,272	1	$75,272
Health Tech (NOSTRA)	YI	0640	02	00	$48,400	$14,278	$62,678	1	$62,678
IT Specialist (NOSTRA)	YA	2210	02	00	$70,400	$20,768	$91,168	1	$91,168
Material Handler (NOSTRA)	WG	6907	05	03	$37,069	$10,935	$48,005	1	$48,005
Medical Equipment Repairer (NOSTRA)	WG	4805	11	03	$50,535	$14,908	$65,443	2	$130,885
Ophthalmic Production Worker (NOSTRA)	WG	3501	04	03	$34,881	$10,290	$45,171	10	$451,707
Packer (NOSTRA)	WG	7002	04	03	$34,881	$10,290	$45,171	1	$45,171
Prescription Eyeglass Maker Worker (NOSTRA)	WG	4010	05	03	$37,069	$10,935	$48,005	30	$1,440,142
Prescription Eyeglass Maker Worker (NOSTRA)	WG	4010	08	03	$43,612	$12,866	$56,478	10	$564,779
Prescription Eyeglass Maker Worker (BAMC)	WG	4010	08	03	$43,612	$12,866	$56,478	10	$564,779
Prescription Eyeglass Maker Worker (BAMC)	WG	4010	10	03	$48,123	$14,196	$62,319	4	$249,278
Supply Tech (NOSTRA)	YB	2005	02	00	$49,500	$14,603	$64,103	1	$64,103
Supply Tech (BAMC)	GS	2005	08	05	$52,627	$15,525	$68,152	1	$68,152
Work Supervisor, Prescription Eyeglass Maker (NOSTRA)	WS	4010	05	03	$51,607	$15,224	$66,831	2	$133,661
Work Leader, Prescription Eyeglass Maker (BAMC)	WL	4010	11	03	$55,604	$16,403	$72,007	2	$144,014
TOTAL OFE REQUIREMENTS								**77**	**$4,058,521**

Note. Information provided by OFE (Beth Henderson, NOSTRA Comptroller), 15 January 2009.

Table 3

Retiree FOC: Estimated Costs by Service Based on 22.5% Utilization Rate

Service	Projected Orders	Cost/Pair (Fully Burdened)	Total Cost	Current Average S9 Retiree Production	Current S9 Cost/Pair (Fully Burdened)	Current Total Cost	Shortfall	Comments
Navy	113,177	$ 45	$ 5,092,966	15,963	$ 40	$ 638,520	$4,454,446	Projected orders based on VA utilization rate of 22.5% of eligible beneficiaries
Marine Corps	26,876	$ 45	$ 1,209,401	2,932	$ 40	$ 117,280	$1,092,121	Projected orders based on VA utilization rate of 22.5% of eligible beneficiaries
Army	162,994	$ 45	$ 7,334,712	25,540	$ 40	$1,021,600	$6,313,112	Projected orders based on VA utilization rate of 22.5% of eligible beneficiaries
Air Force	152,358	$ 45	$ 6,856,124	26,280	$ 40	$1,051,200	$5,804,924	Projected orders based on VA utilization rate of 22.5% of eligible beneficiaries
Total	**455,405**	**$ 45**	**$20,493,203**	**70,715**	**$ 40**	**$2,828,600**	$17,664,603	**Total OFE Requirement**

Note. Information provided by OFE (Beth Henderson, NOSTRA Comptroller), 29 January 2009.

Table 4

Retiree FOC: Estimated Total Costs by Varied Utilization Rates

Retiree Population Per MCFAS	Projected Orders	Cost/Pair (Fully Burdened)	Total Cost	Current Average S9 Retiree Production	Current Cost/Pair (Fully Burdened)	Current Total Cost	Additional Funding Required	Comments
2,000,000	1,000,000	$ 45	$45,000,000	70,715	$ 40	$2,828,600	$42,171,400	Assuming 50% of population will require eyewear and order each year
2,000,000	500,000	$ 45	$22,500,000	70,715	$ 40	$2,828,600	$19,671,400	Assuming 50% of population will require eyewear and 50% will order each year
2,000,000	250,000	$ 45	$11,250,000	70,715	$ 40	$2,828,600	$ 8,421,400	Assuming 50% of population will require eyewear and 25% will order each year
2,000,000	70,715	$ 45	$ 3,182,175	70,715	$ 40	$2,828,600	$ 353,575	Assuming no increase in current utilization

Note. Information provided by OFE (Beth Henderson, NOSTRA Comptroller), 29 January 2009.

Table 5

Policy Options and Graded Outcomes

Policy Option	Government Cost	Beneficiary Cost	Efficiency	Effectiveness	Equality	TOTAL SCORE
Status Quo	0	0	0	0	0	0
Elimination of Benefit	1	-2	1	-1	-1	-2
Government Funded Expansion	-2	2	-1	1	1	-1
Retiree Purchase FOC at Cost	0	1	-2	1	1	1
TRICARE Optical Benefit	-1	1	-2	2	2	2

Table 6

Annual Costs of Proposed Policy Options

Course of Action	Government Cost (approximate)	Beneficiary Cost (approximate)
Status Quo	$2,828,600	$0
Elimination of Benefit	(-$2,828,600)	$70+
Government Funded Expansion	$20,493,203	$0
Retiree Purchase FOC at Cost	$2,828,600 (residual demand for free S9 glasses)	$50
TRICARE Optical Benefit	$3,328, 600 (residual demand plus TMA administrative costs)	$50

Figure 1. Standard Issue S-9 frames.

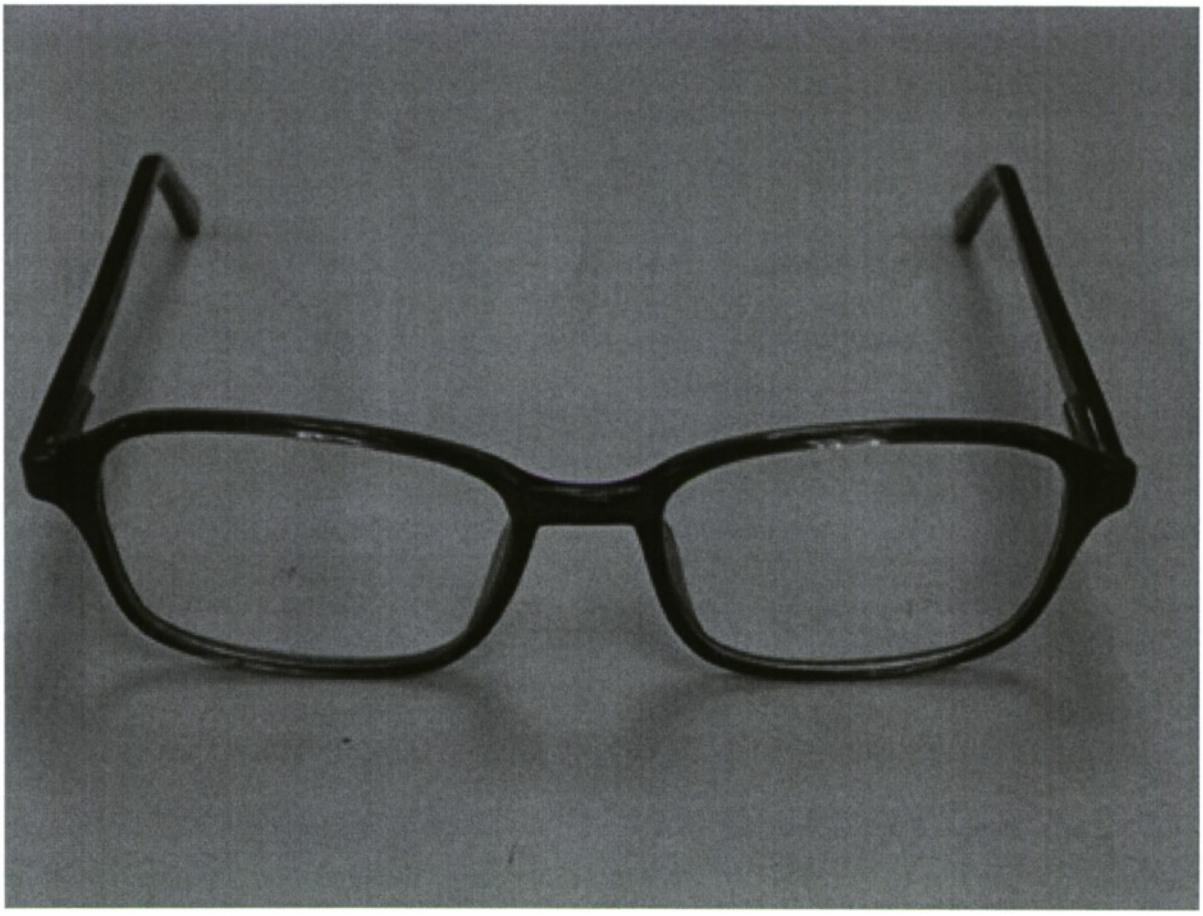

Figure 3. S-91A oversized frame.